

# **CHAPTER VI**

## **COLLECTIONS**

### **COMPONENTS**

**INTRODUCTION**

**COMPUTED MEASURES**

**PROGRAM REVIEW**

**METHODS SURVEY**



# **INTRODUCTION**



**COLLECTIONS**

**INTRODUCTION**

The Collections function consists of efforts to assist employers to comply with State laws and regulations, promote voluntary payment compliance, collect past due amounts from employers, and manage accounts receivable. The major tasks are:

- Take action to collect past due payments
- Suspend collection efforts on uncollectible amounts

**PRIMARY OBJECTIVE**

The primary objective of Collections is to promote payment compliance and manage accounts receivable. To accomplish this objective, Collections will need to meet two sub-objectives:

1. Increase the percentage of amounts due paid voluntarily (Completeness)
2. Take all reasonable actions to manage accounts receivable (Timeliness and Completeness)

***Completeness***

To determine what systems the SESA utilizes in dealing with accounts receivable the TPS reviewer will conduct a Methods Survey. Due to similarity of procedures, a survey of methods to promote voluntary employer payment compliance (sub-objective #1) has been consolidated with methods to promote reporting compliance (Refer to REPORT DELINQUENCY METHODS SURVEY, Part II Methods to Promote Voluntary Reporting and Payment Compliance).

**COLLECTIONS**

**INTRODUCTION**

***Timeliness  
and  
Completeness***

To assess SESA effectiveness in managing accounts receivable, Computed Measures will be generated based on data routinely reported by SESAs. These elements will be converted into eight indicators by the TPS ADP system.

To determine whether the SESA is taking all reasonable actions to collect accounts receivable, a Program Review will be conducted to ascertain the existence of necessary internal controls and to determine whether or not such controls are functioning properly.

**REVIEW METHODOLOGIES**

***Computed Measures***

Computed measures will provide indicators of SESA effectiveness in promoting payment compliance and management of accounts receivable. There are four indicators which will be used to measure contributory employers and the same four indicators which will be used to measure reimbursing employers:

1. Percent of amounts due paid timely
2. Turnover ratio - the ratio of receivables liquidated and declared uncollectible and/or ruled doubtful to taxes due
3. Receivables declared uncollectible and/or ruled doubtful - The percent of tax due declared uncollectible and/or ruled doubtful
4. Accounts receivable at the end of the report period as a percent of tax due

## **REVIEW METHODOLOGIES**

### ***Program Review***

The Program Review to be conducted for Collections has two components - a Systems Review and an Acceptance Sample.

The Systems Review covers the following topics:

- Recorded Information and Instructions
- Training
- Recording of Transactions and Events
- Execution By Authorized Individuals
- Systems to Assure Execution of Events
- Review of Completed Work

The Systems Review will be used to identify the internal controls and quality assurance systems necessary for an effective Collections operation and to verify if the SESA has such controls in place.

The Acceptance Samples examine the following:

- Employer Accounts Identified with Accounts Receivable

In conjunction with the Systems Review, Acceptance Samples of completed collection accounts will be examined to confirm that SESAs system of controls is ensuring its established procedures are being followed.

## **REVIEW METHODOLOGIES**

### ***Methods Survey***

A Survey will be conducted to gather information on methods and practices for dealing with accounts receivable. The Survey has two parts:

1. Management of accounts receivable.
2. Collection procedures.

Information gathered from the survey when contrasted with findings from the computed measures can be used to determine end product quality. TPS will identify promotional (e.g. publications, information dissemination, employer associations) and/or enforcement factors which lead to payment compliance and management of accounts receivable. Those SESAs exhibiting desired numbers or trends will be reviewed individually and as a group to identify conditions or procedures which promote employer compliance. Information will be shared with all SESAs as part of TPS's role in Technical Assistance.



## **COMPUTED MEASURES**



### **COMPUTED MEASURES**

Computed Measures will provide indicators of SESA effectiveness in promoting payment compliance and management of accounts receivable. These measures will be generated based on data elements reported by SESAs through routine quarterly reports. Upon implementation of the TPS program, the TPS reviewer must ensure that the State ADP system captures these data elements as defined so that the ADP system can produce output reports based on these elements.

Whether the SESA accumulates the data elements required for Collections computed measures through ADP or manually, it is important that the records be kept from the beginning. Upon full implementation of TPS, data for Collections indicators will replace the data reported on the ETA 581 for this function. The plan is to gather the needed data from the system used to electronically report the current Form ETA 581 data. Appendix B explains the technical process for gathering this information.

#### **Collection Indicators (Contributory)**

The four indicators for contributing employers that measure how effective the SESA is in promoting payment compliance and management of accounts receivable are described below:

1. Percent of amounts due paid timely.
2. Turnover Ratio - The ratio of receivables liquidated and declared uncollectible and/or ruled doubtful to taxes due.
3. Receivables declared uncollectible and/or ruled doubtful - The percent of tax due declared uncollectible and/or ruled doubtful.
4. Accounts receivable at the end of the report period as a percent of tax due.

### Collection Indicators (Reimbursing)

The four indicators for reimbursing employers that measure how effective the SESA is in promoting payment compliance and management of accounts receivable are described below:

1. Percent of amounts due paid timely.
2. Turnover Ratio - The ratio of receivables liquidated and declared uncollectible and/or ruled doubtful to taxes due.
3. Receivables declared uncollectible and/or ruled doubtful - The percent of tax due declared uncollectible and/or ruled doubtful.
4. Accounts receivable at the end of the report period as a percent of tax due.

**The same four computed measures will be used for each type of employer, contributory or reimbursing.**

## COMPUTED MEASURES

### Indicator 1 - Amounts Paid Timely

(The percent of amounts due that were paid timely)

Rationale. This indicator measures the extent of employer voluntary payment compliance. It is intended to provide a measure of SESA efforts to promote payment compliance through effective publications/forms, educational programs and/or utilization of enforcement tools. It also reflects the relative magnitude of non-compliance, and provides a perspective of how much risk is involved.

#### Formula

Amounts Determined Receivable for four (581) report quarters.

**Tax Due:** Annual dollar Amounts Deposited plus Amounts  
Determined Receivable minus Receivables Liquidated.

Example: 
$$\frac{\$1,000,000 \text{ (Determined Receivable)}}{\$10,000,000 \text{ (Tax Due)}} = 1 - 10\% = 90\%$$

#### Data Elements.

The Amounts Determined Receivable should result in the four quarter total of amounts reported on ETA 581 # 22 for contributory and on ETA 581 # 34 for reimbursing. The amount to be included is the amount of unpaid contributions initially determined to be past due during the report quarter based on delinquent contribution reports received, audit findings, legally collectible estimates and final assessments. For reimbursable employers, the amount is the reimbursements initially determined to be past due during the report quarter based on billings to reimbursing employers which are unpaid.

### COMPUTED MEASURES

**Tax Due** is defined as the annual amounts of dollars deposited (ETA 2112 line 11 for contributory and lines 18, 19, 20 for reimbursable) plus Amounts Determined Receivable (ETA 581 # 22 for contributory, ETA 581 #34 for reimbursing) minus Receivables Liquidated (ETA 581 #23 for contributory, ETA 581 # 35 for reimbursing). This formula is recommended because it provides a more consistent and accurate picture year-to-year of amounts actually due than amounts reported as due on ES 202 reports.

#### Indicator 2 - Turnover Ratio.

(Ratio of receivables liquidated and declared uncollectible to tax due)

Rationale. This indicator reflects the extent of accounts receivable workload, and indicates the rate accounts receivable are worked in relation to tax due. If the rate is high relative to other states, or increases over time, it will demonstrate the SESA's efforts in managing Receivables.

#### Formula

Receivables Liquidated + Receivables Declared Uncollectible +  
Receivables Ruled Doubtful for four (581) report quarters.

**Tax Due:** Annual dollar Amounts Deposited plus Amounts  
Determined Receivable minus Receivables liquidated.

#### Data Elements.

Receivables Liquidated include amounts collected and adjustments which cancel previously established receivables. The amount to be included for contributory employers should be the four quarter totals reported on ETA 581 #23 and for reimbursing employers the four quarter totals of ETA 581 #35.

COLLECTIONS

INTRODUCTION

**COMPUTED MEASURES**

Receivables Declared Uncollectible include all amounts of past due contributions for which the agency is no longer actively seeking collection. Such amounts have been written off or moved to a suspense file and are not included in the active accounts receivable file. The amounts to be included should be the sum of the four quarters reported on ETA 581 # 24 for contributory, and ETA 581 # 36 for reimbursing. Receivables Ruled Doubtful include all receivables reported on the ETA 581 beyond two years. The amounts to be included should be the sum of the four quarters reported on the ETA 581 # 25 for contributory and ETA 581 # 37 for reimbursing.

Tax Due was previously defined and should be the same as for Indicator #1.

**Indicator 3 - Receivables Declared Uncollectible.**

(Percent of tax due declared uncollectible)

Rationale. This indicator represents one component of the Turnover Ratio. While a low percentage of amounts declared uncollectible is desirable, an increasing percentage may also be an important indicator of efforts to perfect accounts receivable inventories and write-off amounts that SESAs have no means of collecting.

Formula

Receivables Declared Uncollectible and/or Ruled Doubtful  
for four (581) report quarters  
**Tax Due:**  $\frac{\text{Annual dollar Amounts Deposited plus Amounts Determined Receivable minus Receivables Liquidated.}}{\text{Tax Due}}$

Data Elements.

Receivables Declared Uncollectible, and/or Ruled Doubtful and Tax Due were previously described. The amounts should be the same as used for Indicator 2.

## COMPUTED MEASURES

### **Indicator 4 - Unpaid Contributions/Reimbursements Due.**

(Percent of accounts receivable at end of the report period to tax due).

Rationale. This indicator provides a measure of overall compliance effectiveness. To equitably assess the effectiveness of SESA compliance and collection efforts, a comprehensive measure will contain the amount of past due dollars as they relate to the total amount due. Long term trends due to the rise and fall in employment, wage base, and tax rates all impact the size of accounts receivable. While the fluctuations of total amounts due may be outside the SESA's control, the SESA is responsible for collecting the proportion of dollars which becomes past due. This measure will indicate the true significance of a SESA's accounts receivable by showing what proportion of tax is past due. Also, the rise and fall of past due amounts can be better understood when reviewed in relation to the rise and fall of total UI dollars due.

#### Formula

$$\text{Tax Due: } \frac{\text{Receivable Balance at end of (581) report quarter}}{\text{Annual dollar Amounts Deposited plus Amounts Determined Receivable minus Receivables Liquidated}}$$

#### Data Elements.

The Receivable Balance is the total amount on the ETA 581 report quarter ended date. The amounts should be the same as reported on ETA 581 #26 for contributory and ETA 581 #38 for reimbursing employers.

Tax Due was previously defined, and should be the same amount as used for Indicators 1, 2, and 3.



## **COMPUTED MEASURES**

The denominator for all accounts receivable indicators is recommended to be the most recently completed calendar year tax due. The reasons follow:

- The same denominator means all accounts receivable indicators are comparable, both within a state as well as across states.
- The indicator reports can be generated for any time period but it requires **FOUR (4) quarters**.
- "Drift" due to inflation, or the trend of decreasing effective tax rates which reduces the amount of tax due is eliminated.
- A more consistent picture of accounts receivable management is provided from year-to-year.

Computations will be made annually by the National Office for each indicator, for both contributory and reimbursable accounts receivable.

### **Drawing Conclusions.**

An analysis of these results will provide an overview of how effectively the SESA is managing its accounts receivable. Each of the indicators should be examined separately and in relationship to the others. The TPS reviewer will find that a change in one indicator will have a particular effect on another indicator (e.g., is a decrease in accounts receivable the result of an increase in amounts written off or is that change reflected in amounts liquidated). The TPS reviewer will determine from this analysis whether the SESA is effectively using the collection tools at their disposal (e.g., if the turnover ratio is high does the sample reviewed reflect timely contact of employers, are liens and enforced collection action being utilized?).

Findings or trends from Computed Measures should be considered with Systems Review and Acceptance Sample findings in evaluating the effectiveness of the SESA's operation and be included in the Annual Report.

# **PROGRAM REVIEW**

## **COMPONENTS**

### **SYSTEMS REVIEW**

### **ACCEPTANCE SAMPLES**

## **SYSTEMS REVIEW**



## SYSTEMS REVIEW INTERVIEW SHEET

<b>Function</b>
-----------------

<b>Reviewer</b>
-----------------

<b>Persons Interviewed</b>		
<b>Date</b>	<b>Name:</b>	<b>Title:</b>

<b>Documents Reviewed</b>	
<b>Title:</b>	<b>Form#:</b>

### SYSTEMS REVIEW

#### *Recorded Information and Instructions*

In the SESA Collections operations, procedures should be set forth for charging/non-charging of penalties, enforced collection actions, stayed collection actions, and declaring accounts uncollectible.

**COLLECTIONS**

**PROGRAM REVIEW**



The reviewer should examine recorded instructions available to the staff and compare procedures to the laws and written policies of the SESA to determine if the recorded information and instructions are current, accurate, and complete. The reviewer should also observe the Collections process and talk with employees to learn whether or not the recorded instructions are available and being used.

In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no recorded instructions, describe in the narrative how the staff becomes aware of the proper procedures to perform the tasks of the Collections function.

## **SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have recorded information and instructions to assist employees to perform Collections functions?

Yes \_\_\_ No \_\_\_

2. If yes, are all the recorded information and instructions:

Yes No

- a. Current? ..... \_\_\_ \_\_\_  
b. Accurate? ..... \_\_\_ \_\_\_  
c. Complete? ..... \_\_\_ \_\_\_  
d. Readily available to staff? ..... \_\_\_ \_\_\_

VS:(Questions 1 and 2)

---

---

---

---

---

3. If any of the preceding evaluative questions are answered "no", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

VS: (Question 3)

---

---

---

---

---





## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

**COLLECTIONS**

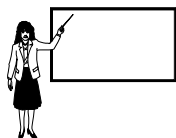
**PROGRAM REVIEW**

**SYSTEMS REVIEW**

*Training*

New employees need to learn the State laws, written policies and procedures for collecting account receivable, suspending collection actions when warranted, and for declaring certain accounts uncollectible. Existing employees benefit from periodic refresher courses, and need additional training when changes occur, and when quality defects or a significant number of errors appear in a particular area.

The reviewer should respond to the following questions after discussing with management the training methods and systems used to identify and meet the Collections unit training needs.



In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no formal training systems, then describe how the staff knows the laws and written policies and the proper procedures to perform the Collections function.

## **SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have methods or procedures to provide training for newly hired employees?

Yes \_\_\_ No \_\_\_

\*If yes, identify the type of training:

Yes No

- a. \*Formal Classroom Training? ..... \_\_\_ \_\_\_  
b. \*On the Job Training? ..... \_\_\_ \_\_\_  
c. \*One-on-One Training? ..... \_\_\_ \_\_\_  
d. \*Individual Self-guided Training? ..... \_\_\_ \_\_\_  
e. \*Other? ..... \_\_\_ \_\_\_

Describe the type and frequency of training in the Narrative Section following these questions.

2. Does the SESA have methods or procedures to provide refresher training for experienced employees?

Yes \_\_\_ No \_\_\_

\*If yes, identify the type of training:

Yes No

- a. \*Formal Classroom (e.g., refresher courses)? ..... \_\_\_ \_\_\_  
b. \*On the Job Training? ..... \_\_\_ \_\_\_  
c. \*One-on-One Training? ..... \_\_\_ \_\_\_  
d. \*Individual Self-guided Training? ..... \_\_\_ \_\_\_  
e. \*Other? ..... \_\_\_ \_\_\_

Describe the type and frequency of training in the Narrative Section following these questions.

**COLLECTIONS**

**PROGRAM REVIEW**

**SYSTEMS REVIEW QUESTIONS**

3. Does the SESA provide training when there are:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. State law changes? .....	___	___	
b. Policy/procedure changes? .....	___	___	
c. Needs identified from review of finished work (e.g., supervision, quality assurance review)? .....	___	___	___
d. Hardware/software changes? .....	___	___	
e. *Other? .....	___	___	

4. Does the SESA have processes (e.g., back-up training or organizational flexibility) to assure that staff absences will not disrupt operations?

Yes \_\_\_ No \_\_\_

If yes, describe in the narrative.

VS: (Questions 1-4)

---



---



---



---



---

5. \*Does the SESA provide training to acquaint new employees with the mission, goals and function of the UI program?

Yes \_\_\_ No \_\_\_

**COLLECTIONS**

**PROGRAM REVIEW**

**SYSTEMS REVIEW QUESTIONS**

6. \*Is someone assigned the responsibility to determine the effectiveness of the training provided by the SESA?

Yes \_\_\_ No \_\_\_

7. \*In the opinion of the supervisor or manager, does the training meet the needs of the Collections function? (e.g., are sufficient resources available--training packages, facilities, staff, etc.)

Yes \_\_\_ No \_\_\_

8. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS:(Question 8)

---

---

---

---

---

---

---



## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

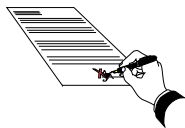
## **SYSTEMS REVIEW**

***Recording of Transactions and Events***

**COLLECTIONS**

**PROGRAM REVIEW**

The Collections function should have procedures and controls to assure that notifications, enforced and/or stayed Collections actions such as lien filing, license revocation, attachments of funds, seizure of assets, successor liability, employer prosecutions, and/or bankruptcy actions are recorded and that the source information is readily available for examination. Whether the SESA system is manual or automated, an audit trail should lead from the Collections data recorded in the employer account record to the information source upon which the Collection action was based.



The reviewer should become familiar with the various types of Collections actions which require an audit trail leading to the supporting documentation.

In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not maintain source documents or an audit trail, describe how it assures that correct/appropriate Collections actions have been taken.



## **SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have methods to assure that enforced and/or stayed collection actions can be traced to their source (e.g., request to take enforced action, letter of appeal, notice of bankruptcy)?

Yes \_\_\_ No \_\_\_

2. Can the following be identified through the audit trail:

Yes No

- |    |   |     |     |
|----|---|-----|-----|
| a. | Employer notification(s)? .....                   | ___ | ___ |
| b. | Amount(s) included in tax liens? .....            | ___ | ___ |
| c. | Enforced and/or stayed Collections actions? ..... | ___ | ___ |
| d. | Date(s) of Collections actions? .....             | ___ | ___ |

3. Are information sources retained and accessible for SESA use?

Yes \_\_\_ No \_\_\_

VS:(Questions 1 - 3)

---

---

---

---

4. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS:(Question 4)

---

---

---

---



## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

## **SYSTEMS REVIEW**

*Execution by Authorized Individuals*

**COLLECTIONS**

**PROGRAM REVIEW**

**The Collections function should have systems procedures or internal controls to assure that determinations for charging/non-charging of penalties, adjustments to receivable amounts, enforced and/or stayed collection actions are taken by authorized individuals.**



The reviewer must become familiar with the manner in which authority is restricted and responsibility assigned to Collection staff members.

In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not require authorization for adjustments to accounts and/or initiation of enforced collection actions, and waivers of penalties, etc., describe how it prevents inaccurate/inappropriate actions.

## **SYSTEMS REVIEW QUESTIONS**

1. Is authorization restricted to certain designated individuals for:

Yes No N/A

- |    |  |     |     |     |
|----|--|-----|-----|-----|
| a. | Penalty waivers? .....                 | ___ | ___ |     |
| b. | Adjustments of amount due? .....       | ___ | ___ |     |
| c. | Enforced collection actions? .....     | ___ | ___ |     |
| d. | Classification to stayed? .....        | ___ | ___ |     |
| e. | Classification to uncollectible? ..... | ___ | ___ | ___ |
| f. | *Other? .....                          | ___ | ___ |     |

VS:(Question 1)

---

---

---

---

---

---

2. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS:(Question 2)

---

---

---

---

---

---



## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

### ***Systems to Assure Execution of Events***

**For Collections, controls should be in place to assure that cases are assigned and worked according to SESA priorities and procedures, liens are filed timely and accurately, other enforced collections actions are taken properly, stayed collection actions are handled correctly, and cases meeting appropriate criteria are declared uncollectible.**

**COLLECTIONS**

**PROGRAM REVIEW**



The reviewer must determine if such program management systems have been built into the Collections operation, and become familiar with automated and/or manual controls which assure collection actions are properly taken.

In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not have internal controls or safeguards, describe how it assures the appropriateness of collection actions.



## **SYSTEMS REVIEW QUESTIONS**

1. Does the SESA have systems procedures for:

Yes No

- |    |  |     |     |
|----|--|-----|-----|
| a. | Tracking case assignments? .....   | ___ | ___ |
| b. | Controlling lien filing dates? .....   | ___ | ___ |
| c. | Monitoring collection activity, i.e.,<br>identifying cases with minimal/no activity? .....   | ___ | ___ |
| d. | Controlling installment payment plans? .....   | ___ | ___ |
| e. | Ensuring that collection results (i.e.,<br>adjustments, changes, etc.) are posted<br>properly to the employers account file? ..... | ___ | ___ |

VS:(Question 1)

---

---

---

---

---

---

---

2. Are Bankruptcy cases controlled to assure:

Yes No

- |    |   |     |     |
|----|---|-----|-----|
| a. | Claims are filed accurately and timely? .....   | ___ | ___ |
| b. | Are those employers continuing in business<br>monitored to ensure payments are made timely? ..... | ___ | ___ |
| c. | Unpaid cases are reassigned for appropriate<br>collection action upon bankruptcy closing? .....   | ___ | ___ |

**COLLECTIONS**

**PROGRAM REVIEW**

**SYSTEMS REVIEW QUESTIONS**

VS:(Question 2)

---

---

---

---

3. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If Yes, describe in the Narrative Section following these questions.

VS: (Question 3)

---

---

---

---

---

## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

**COLLECTIONS**

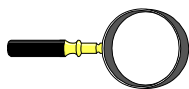
**PROGRAM REVIEW**

**SYSTEMS REVIEW**

*Review of Completed Work*

For the Collections function, the SESA should be conducting systematic review of collections cases. The information received and the action taken should be checked against the information recorded in the employer's account. A review of completed work should be done on a regular basis for all staff members involved in the collections operations. This review may be done on an individual basis for each staff member, or by sampling work done throughout the entire unit. The following questions are designed to determine how these reviews are conducted.

The reviewer must become familiar with the kind of review program the SESA uses to assess the work performed by the Collections function.



In the narrative section following the questions, explain any "Other" responses, and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there is no supervisory and/or quality assurance review, describe how quality is assured in the Collections unit.

For staff members involved in the Collections process, are the following components subject to some form of systematic review. For Yes answers, indicate the approximate percentage, **if known**, of work reviewed. If review is performed but percentage is unknown, enter a "Y" in the appropriate column(s). For Yes answers, also enter "Y" in column 6. If there are no reviews, answer "N" for No in column 6. Column 6 is the only evaluative question.

Component	Type of review					
	*1 Supv %/Y	*2 Peer %/Y	*3 QR (Qual Rev) %/Y	*4 Support (Clerical) %/Y	*5 Other %/Y	6 Review Conducted Y/N
a. That the employer is being contacted timely?						
b. That a history of collection activities is being maintained?						
c. That SESA collection enforcement tools are being appropriately utilized?						
d. That liens and enforced collection actions are filed properly against the correct ownership structure (i.e., sole proprietor, partnership, corporation)?						
e. That specific requests (e.g., the filing of liens, employer account updates, written requests for collection assistance, etc.) are acted upon timely?						
f. When the debt is satisfied, there is a review to ensure the release of the enforced collection action?						

VS: (Question 6)

\* Informational



**COLLECTIONS**

**PROGRAM REVIEW**

**SYSTEMS REVIEW QUESTIONS**

7. If any of the preceding evaluative questions are answered "No" does the SESA have a substitute or compensating control?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

VS: (Question 7)

---

---

---

---

---

---

---





## **SYSTEMS REVIEW NARRATIVE**

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
--------------------	---

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
--------------------	--

_____	_____
_____	_____
_____	_____
_____	_____

## **SYSTEMS REVIEW QUESTIONS**

### ***ADDITIONAL CONTROLS***

1.     \*Does the SESA have internal controls or quality assurance systems in the Collections function that this review failed to identify?

## PROGRAM REVIEW

If yes, describe below:

- If yes, describe below:

[illegible]

## **ACCEPTANCE SAMPLES**



COLLECTIONS

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Purpose/Intent*

- To assure that Accounts Receivable are being managed in accordance with SESA's established procedures.

*Scope*

- The scope of the review will focus on collection cases of \$100.00 or more which are more than 30 days old. **Do not include accounts declared legally uncollectible.**  
NOTE: SESAs should set limit as to the age of the accounts receivables identified for the universe. (e.g., if SESA has no set time period for declaring debit uncollectible but does not actively pursue debts after seven years, then the universe should consist of cases at least 30 days old but not older than seven years.)

*Universe*

- The universe for the Collections Acceptance Sample will include:
  1. Accounts that have been established for at least 30 days. (See Note above.)
  2. All accounts with \$100.00 or more in unpaid UI tax (or the SESA's established benchmark figure, if higher). This universe should be identified between February 1 and June 30.  
Note: This would include employers who elect to be tax rated rather than reimbursing.
  3. 60 cases will be selected from this universe.

*Timing/Frequency*

- The sample will be selected once per calendar year.
- The population should be identified any day in the period between February 1 and June 30 (a single snapshot of the day selected).

COLLECTIONS

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Sampling Procedures*

- The following steps must be taken to establish the universe and select the sample accounts:
  1. Identify the universe of all employer account receivables over 30 days old with tax due in the amount of \$100.00 or more (or the SESA's established benchmark, if higher). This universe should be identified between February 1 and June 30.
  2. Select the sample of 60 cases six months after identifying the universe described.
  3. Any case that was a part of the previous years' sample and failed must be replaced for the current review.
  4. The review should be completed no later than March 31 of the following year.
- If the system is automated, the Reviewer must work closely with the ADP unit to ensure a concise understanding of what, when and how the samples should be selected.
- Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

**COLLECTIONS**

**PROGRAM REVIEW**

**ACCEPTANCE SAMPLE INSTRUCTIONS**

***Reviewing Samples***

- Assemble the following information for the employer's account:
  1. All information the SESA has in its possession relating to the collection history of the selected account including copies of liens, enforced collection action and other supporting documents.
  2. The employer account information on the SESA's computer files.
- Review actions taken with the preceding 2 calendar years plus current year only.
- Review timeliness of contacts for most recent quarter of liability only.
- When full payment is received no further review of collection action is necessary.
- Uncollectible accounts will be reviewed up to the point they are declared uncollectible.
- Uncollectible accounts will be reviewed to determine if they are properly written off.
- Accounts in bankruptcy status will be reviewed up to the point where a claim is filed in bankruptcy court, unless bankruptcy already discharged or closed. (Question #8)

**ACCEPTANCE SAMPLE INSTRUCTIONS**

COLLECTIONS

PROGRAM REVIEW

*Drawing Conclusions*

- Using this information, answer the questions on the Acceptance Sample Questionnaire.
- The following questions are evaluative:
  - #1. Is the account correctly classified.
  - #2. Were successor liability procedures followed.
  - #3. Were initial written notices sent timely.
  - #4. Was the employer contacted other than through initial written notice.
  - #5. Was an assessment filed properly.
  - #5a. If yes, was the employer properly notified.
  - #6. Was a lien(s) filed properly.
  - #6a. If yes, was the employer properly notified
  - #7. Were other actions taken properly.
  - #8. Was a proof of claim filed timely if employer was in bankruptcy.
  - #10. Was enforced collection action properly released.
  - #11. Did SESA follow its established procedures.
- A "NO" answer to any evaluative question must result in question #11 being answered "NO".
- The following questions are non-evaluative:
  - #4a. Was telephone contact made after written notice was mailed.
  - #4b. Was the employer contacted in person.
  - #4c. Was the employer contacted by mail.
  - #4d. Other contacts.
  - #9. Were any payments received.
  - #9a. Was payment in full.



COLLECTIONS

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

*Drawing Conclusions  
cont*

- A "NO" answer to a non-evaluative question will not result in question #11. being answered "No".
- A "NO" answer to any evaluative question for a collection sample case will mean that the SESA's rules and procedures were not followed, and the case will not be considered acceptable.
- If the completed review of 60 Acceptance Sample cases includes three or more unacceptable cases, then the reviewer must conclude that employer accounts receivables are not being managed in accordance with SESA's established procedures.
- For each unacceptable case, the reviewer must provide an explanation on the Acceptance SampleExplanation Sheet.
- Questions that can be answered INA require attention. See "NOTE".

*Documentation*

- All source documentation gathered to review samples must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used in the review must be maintained.

COLLECTIONS

PROGRAM REVIEW

**ACCEPTANCE SAMPLE INSTRUCTIONS**

**NOTE:** States provide a full range of collection techniques to be used by SESA staff "as appropriate", and it may be difficult for a reviewer to determine whether the staff made the correct judgement about which technique to use. In addition, actions necessary to collect vary with the amount of indebtedness and the willingness/ability of the debtors to pay. The reviewer must recognize the discretion that is given to professional staff in making decisions on the appropriate tool to use. The reviewer should give the benefit of the doubt to the decision made unless the record is clear that the decision is in violation of the SESA's procedures. If the case warranted an enforced action and one was taken within the SESA's guidelines, then the objective of the question is satisfied and the reviewer should answer "yes" to the question.

The reviewer will need to exercise care in answering Acceptance Sample questions N/A. The SESA's established written procedures are the primary control in determining whether the case fails or passes the review. The case is to be reviewed against SESA collection procedures through the point where money is received.

If for example a payment was received after only one phone call and no enforced collection action was necessary, the subsequent Acceptance Sample question dealing with assessment, liens, enforced actions and bankruptcy can be answered N/A. However, if SESA procedures call for a certain action to take place after a specific number of days regardless if payment is made, the reviewer must determine if this procedure was followed.

There may be situations where the documentation is not clear cut enough to warrant a "Yes" answer. It is the responsibility of the reviewer when answering questions "INA" to make a determination if that action did occur based on circumstantial facts or evidence. If such evidence does not convince the reviewer the answer should be "No".

If the Account Receivable, identified in the universe, was set up in error and was subsequently determined not to be an accounts receivable, the reviewer should answer question # 1 "No" and not answer the rest of the questions. (The A/S case would fail.) **However**, if at the time of the review, the Account Receivable which was set up in error had been determined not to be a receivable, and the error was corrected due to the SESA's own controls in finding the error and not due to the employer bringing it to their attention, the case should not fail.

**COLLECTIONS**

**PROGRAM REVIEW**

**ACCEPTANCE SAMPLE QUESTIONNAIRE**

***Identification***

1. At the time of review was the account correctly classified (e.g., "collectible", "uncollectible", "liquidated" or in "bankruptcy status")?

Yes \_\_\_ No \_\_\_

2. If there was a successor, were successor liability procedures followed?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

***Notification***

3. Were initial written notice(s) and follow up notices sent timely for the most recent quarter of liability?

Yes \_\_\_ No \_\_\_ N/A \_\_\_ INA \_\_\_

4. Was the employer contacted other than through the "initial written notice" for the most recent quarter of liability?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

If yes :

Yes No N/A INA

- a. Were telephone contact(s) made?

\_\_\_ \_\_\_ \_\_\_ \_\_\_

- b. Was the employer contacted in person?

\_\_\_ \_\_\_ \_\_\_ \_\_\_

**COLLECTIONS**

**PROGRAM REVIEW**

**ACCEPTANCE SAMPLE QUESTIONNAIRE**

*Notification cont.*

	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>INA</u>
c. Was the employer contacted by mail?	___	___	___	___
d. Other contact(s)? if yes, describe on sample explanation sheet.	___	___	___	

*Actions Taken*

5. Was an assessment(s) filed properly?	Yes ___	No ___	N/A ___
a. If filed, was the employer properly notified?	Yes ___	No ___	N/A ___
6. Was a lien filed properly?	Yes ___	No ___	N/A ___
a. If filed, was the employer properly notified?	Yes ___	No ___	N/A ___
7. Were any other enforcement actions taken properly?	Yes ___	No ___	N/A ___
8. If the employer has filed a petition for bankruptcy, were appropriate actions taken to file a claim?	Yes ___	No ___	N/A ___

**COLLECTIONS**

**PROGRAM REVIEW**

**ACCEPTANCE SAMPLE QUESTIONNAIRE**

***Resolution***

9. Did the SESA receive any payments for the receivables under review?

Yes \_\_\_ No \_\_\_

- a. If yes, were the receivables paid in full?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

10. If enforced collection action (including tax liens) was initiated, was that properly released upon payment?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

**Note:** Use of N/A is appropriate when No Lien was filed.

11. Based upon the conclusions drawn from the previous questions, did the SESA follow its established law and policy?  
(A “no” answer to any evaluative question means question #11 must be answered “no” and the case will fail.)

Yes \_\_\_ No \_\_\_



**TAX PERFORMANCE SYSTEM**  
**Collections Sampling Coding Sheet**

**SESA:** \_\_\_\_\_

**Period Covered:** \_\_\_\_\_  
 (6 Months prior to review)

**Date:** \_\_\_\_\_

**Reviewer:** \_\_\_\_\_

<i>Case #</i>	<i>Employer Id. Number</i>	<i>Tot. Amt Due</i>	<i># Qtrs w/Liab .</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>4a</i>	<i>4b</i>	<i>4c</i>	<i>4d</i>	<i>5</i>	<i>5a</i>	<i>6</i>	<i>6a</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>9a</i>	<i>10</i>	<i>11</i>	<i>Pass/Fail Y/N</i>
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				
		\$																				

*Questions 1, 2, 3, 4, 5, 5a, 6, 6a, 7, 8, 10, and 11 are evaluative.*

*Total Acceptable* \_\_\_\_\_ *of* \_\_\_\_\_  
*Page* \_\_\_\_\_ *of* \_\_\_\_\_





*TAX PERFORMANCE SYSTEM*  
*Collections - Sample Explanation Sheet*

*SESA:* \_\_\_\_\_ *Period Covered:* \_\_\_\_\_ *Date:* \_\_\_\_\_ *Reviewer:* \_\_\_\_\_

*Sample Type:*            **G***Acceptance*            **G***Expanded*

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>



## **METHODS SURVEY**



**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

This Survey gathers information on the methods and procedures used for dealing with accounts receivable. All questions on the Survey Checklist are for informational purposes.

Next to Trust Fund balance, accounts receivable are the second largest asset on the books of most SESAs. Accurate accounting and control of accounts receivable, therefore, is of vital importance in managing a quality tax operation. Studies completed by the General Accounting Office have found that the potential collectibility of tax accounts receivable is directly related to the age of the accounts. In addition, it is generally accepted in the business community that as accounts receivable become older, they become harder to collect. Timing of notifications and enforcement actions are considered important, and questions on the Survey checklist have been designed to ascertain both the methods and the timing of methods utilized.

**Period Covered By The Survey.** The Survey can be initiated at any time of the year, and the period to be covered is the completed four calendar quarters immediately preceding the date of review. All responses relative to the number of employers, number of employer accounts receivable and/or dollars collected are to reflect total numbers during the four calendar quarter period immediately preceding the date of review (e.g., if a single employer failed to pay the amount due for each quarter, the reviewer would count each contact/collection action for each of the four quarters).

As part of the evaluation phase, numbers of employers will be converted into percents by the National Office. Dollars collected will also be converted into percents, computed as percentages of receivables liquidated during the four calendar quarter period.

COLLECTIONS

METHODS SURVEY

**METHODS SURVEY**

While the SESAs best number estimates are preferred and should be provided if possible. If numbers are not available, frequency of use may be substituted by indicating an a, b, c, d, or e as follows:

<u>Code</u>	<u>Employer Accounts Receivable</u>
a.	most (75 -100%)
b.	frequently (50 - 75%)
c.	sometimes (25 - 50%)
d.	rarely ( 1 - 25%)
e.	never (0% )

Questions asking if methods are effective (Yes/No/?) should be answered based on the SESA's experience/judgement. Responses are to be coded as follows:

Y = Yes      N = No      ? = Don't Know

**Definition Of Terms.** The "Glossary Of TAX PERFORMANCE SYSTEM (TPS) Terms," located in the Appendix of this document, should be referred to for definitions.

**UI Laws, Regulations, Policies and Procedures.** Most questions in the Survey ask the reviewer to answer questions relative to the State law/SESA authority. Before attempting to complete the Survey and answer these questions, the reviewer must either be very familiar with the SESAs law(s) and procedures, or must complete a thorough review of the State's laws, regulations, written polices and procedures relative to enforcement of payment compliance.

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

**Legal Code Sources.** In addition to the State UI law, many SESAs utilize other laws to enforce collection. When providing code references, indicate the specific code (i.e., SESA UI Code, Code of Civil Procedure, Government Code, Uniform Commercial Code), in addition to the specific Section(s) of the respective Code(s). Laws that prove to be especially effective in collections may later be identified, compiled and presented to other SESAs who are interested in enacting similar legislation.

**Additional Information.** Reviewers/SESAs should not hesitate to provide additional information regarding procedures and/or systems not specifically addressed in the Survey that have been found to be effective. In addition, SESAs may add more detail to the information they provide if it will assist in their own self evaluation efforts.





**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

**PART I. METHODS TO MANAGE AND CONTROL ACCOUNTS RECEIVABLE**

***A. Classifications Utilized***

1. Does the SESA categorize collection cases/accounts receivable for:

Yes No

- |    |  |     |     |
|----|--|-----|-----|
| a. | Active and Inactive employers .....  | ___ | ___ |
| b. | Collection probable (current liability),<br>and collection doubtful (not readily<br>collectible) ..... | ___ | ___ |
| c. | Bankruptcy cases .....   | ___ | ___ |
| d. | Out of State accounts .....  | ___ | ___ |
| e. | Habitually delinquent employers .....  | ___ | ___ |
| f. | Other (describe below) .....   | ___ | ___ |

***B. Collection Priorities***

1. Has the SESA established priorities and/or specific collection procedures based on:

Yes No

- |    |   |     |     |
|----|---|-----|-----|
| a. | Amount(s) of dollars due? .....           | ___ | ___ |
| b. | Employer's Payment History? .....         | ___ | ___ |
| c. | SIC characteristics? .....                | ___ | ___ |
| d. | Type and/or size of employing unit? ..... | ___ | ___ |
| e. | Age of debt? .....                        | ___ | ___ |
| f. | Other criteria? .....                     | ___ | ___ |

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

If yes to a - f, identify amounts/characteristics, and describe priorities and/or specific procedures below.

---

---

---

---

COLLECTIONS

METHODS SURVEY

**METHODS SURVEY**

**PART II. COLLECTIONS PROCEDURES**

***A. Notification Methods***

**1. Written Notification**

- a. Does the SESA routinely send written notification of new and/or additional indebtedness?

Yes \_\_\_ No \_\_\_

If yes, indicate the average number of days after reports are received without full payment until initial written notices are mailed.

\_\_\_\_\_

If no, describe if/when written notification is sent.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- b. Does the SESA maintain a separate address file for mailing report forms?

Yes \_\_\_ No \_\_\_

If yes, does the SESA mail Employer Bills/Notices directly to the employer's **business** address (rather than accountant/payroll agent address)?

Yes \_\_\_ No \_\_\_

- c. Do initial notices of amount(s) due contain language to notify employers that failure to pay will result in filing of a tax lien (other actions)?

Yes \_\_\_ No \_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

If yes, describe language used.

---

---

---

If no, when are employers notified of possible legal action(s) against them?

---

---

- d. Does the SESA routinely send follow-up written demands for payment?

Yes \_\_\_ No \_\_\_

If yes, indicate frequency. \_\_\_\_\_  
(Wk., Mo., Qtr., Other....)

- e. Does the SESA send cumulative notices, reflecting all liability due from employer?

Yes \_\_\_ No \_\_\_

If yes, indicate frequency. \_\_\_\_\_  
(Wk., Mo., Qtr., Other....)

- f. Does the SESA utilize different billing cycles for reimbursable employers than for contributory employers?

Yes \_\_\_ No \_\_\_

If yes, describe procedures and identify cycles. \_\_\_\_\_  
\_\_\_\_\_

---

**COLLECTIONS****METHODS SURVEY**

---

COLLECTIONS

METHODS SURVEY

**METHODS SURVEY**

2. Telephone Notification: Does the SESA have a "phone power" unit? (e.g., staff designated to call debtor employers)

Yes \_\_\_ No \_\_\_

If no, proceed to Enforcement of Payment Compliance.  
If yes, answer a, b, c and d.

- a. Does the SESA systematically utilize a central office "phone power" unit to request payment of amount(s) due **before** issuing a written notice?

Yes \_\_\_ No \_\_\_

- b. Does the SESA utilize a central office "phone power" unit to telephone debtor employers **after** written notices are mailed?

Yes \_\_\_ No \_\_\_

Describe procedures, including number of attempts made to contact individual debtor employers.

---

---

---

---

- c. Does the SESA utilize a field office "phone power" unit to telephone debtor employers?

Yes \_\_\_ No \_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

d. Does the SESA use automated dialing equipment?

Yes \_\_\_ No \_\_\_

If yes, please indicate

Yes No

- (1) Recorded message ..... \_\_\_ \_\_\_  
(2) In-person dialogue ..... \_\_\_ \_\_\_  
(3) Other (describe) ..... \_\_\_ \_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

***B. Enforcement of Payment Compliance***

1. Penalty Enforcement

a. Has the SESA established policies for waiver of penalties?

Yes \_\_\_ No \_\_\_

If yes, describe circumstances. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

2. Installment/Time Payment Plans

- a. Does the SESA have a policy for acceptance of installment payment plans?

Yes \_\_\_ No \_\_\_

If yes, describe policy and answer questions b and c below. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- b. Has the SESA established liquidation time limits for approval of installment payment plans?

Yes \_\_\_ No \_\_\_

If yes, identify time limits/procedures. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- c. Is SESA acceptance of installment plans contingent on timely reporting and payment for future quarters?

Yes \_\_\_ No \_\_\_

3. Offers To Compromise

- a. Has the SESA established standards, procedures, and/or written policies for acceptance of offers to compromise indebtedness?

Yes \_\_\_ No \_\_\_





**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

If yes, describe.

---

---

---

Indicate Code source(s).

---

---

---

4. Field Assignment

- a. Has the SESA established standards or procedures  
for assignment of accounts receivable to field staff?

Yes \_\_\_ No \_\_\_

If yes, describe criteria for field assignment. \_\_\_\_\_

---

---

---

---

- b. Are assignments consolidated with outstanding Report Delinquencies?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

5. Collection Sources

- a. Does the SESA have procedures for identifying debtor employer's bank?

Yes \_\_\_ No \_\_\_

If yes, describe. \_\_\_\_\_

---

---

**COLLECTIONS****METHODS SURVEY**

---

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

- b. Has the SESA developed a directory of sources of information (e.g., credit bureaus, the Small Business Administration, other public agencies) to assist in tracing employers who have left the area, and/or to aid in locating assets for enforced collection actions?

Yes \_\_\_ No \_\_\_

If yes, describe.

---

---

---

6. Assessments

- a. Does the SESA issue assessments separately from its procedure for filing liens?

Yes \_\_\_ No \_\_\_

If no, proceed to question 7 on tax liens.

- b. Does the SESA only issue assessments for estimated liabilities?

Yes \_\_\_ No \_\_\_

- c. Does the SESA issue assessments on all receivables on which it contemplates filing a lien or taking enforced collection actions?

Yes \_\_\_ No \_\_\_

Describe assessment procedures including when assessments become "final." \_\_\_

---

---

---

**COLLECTIONS**

**METHODS SURVEY**

Code source(s)\_\_\_\_\_

—

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

d. To issue an assessment, is the SESA required to obtain the following:

(1) A court judgement?

Yes \_\_\_ No \_\_\_

(2) Approval of SESA legal counsel?

Yes \_\_\_ No \_\_\_

(3) Cooperation of another administrative body  
(including the sheriff)?

Yes \_\_\_ No \_\_\_

If yes to (3), describe who. \_\_\_\_\_

e. Can employers appeal SESA's assessments?

Yes \_\_\_ No \_\_\_

f. If yes to e., are employer appeals without payment of assessments or the posting  
of bond allowed?

Yes \_\_\_ No \_\_\_

g. Does the SESA have a minimum amount due for issuing an assessment?

Yes \_\_\_ No \_\_\_

If yes, indicate minimum amount. \_\_\_\_\_

h. Does the SESA use an automated system to prepare assessments  
(as opposed to preparing manually)?

Yes \_\_\_ No \_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

- i. Does the SESA issue assessments within specified time periods?

Yes \_\_\_ No \_\_\_

If yes, indicate time period(s). \_\_\_\_\_

- j. Do the SESA procedures provide for determining the amount of assessment based on staff judgment?

Yes \_\_\_ No \_\_\_

- k. Does the State law provide for issuing Jeopardy Assessments?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of Jeopardy Assessments issued. \_\_\_\_\_  
(excluding ones for report delinquencies)

Describe circumstances. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- l. Indicate total number of assessments issued in prior calendar year. \_\_\_\_\_  
(including assessments for report delinquencies and all Jeopardy Assessments)"

7. Tax Liens

- a. To file a lien, is the SESA required to obtain the following:

- (1) A court judgement?

Yes \_\_\_ No \_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

(2) Approval of SESA legal counsel?

Yes \_\_\_ No \_\_\_

(3) Cooperation of another administrative body  
(including the sheriff)?

Yes \_\_\_ No \_\_\_

If yes to (3), describe who. \_\_\_\_\_

b. Does the SESA have a minimum amount due for lien filing?

Yes \_\_\_ No \_\_\_

If yes, indicate minimum amount.

\_\_\_\_\_

c. Does the SESA use an automated system to prepare liens  
(as opposed to preparing manually)?

Yes \_\_\_ No \_\_\_

d. Does the SESA file liens within specified time periods?

Yes \_\_\_ No \_\_\_

If yes, indicate time period(s) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

e. Does the SESA have liens recorded by mail (as opposed to in-person filing)?

Yes \_\_\_ No \_\_\_



**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

- f. Do the SESA's liens attach to personal property?

Yes \_\_\_ No \_\_\_

If yes, describe how personal property is attached.

---

---

---

- g. Does the SESA apply payments to unencumbered (i.e., un-liened) liabilities first?

Yes \_\_\_ No \_\_\_

- h. Do liens expire under SESA's State law?

Yes \_\_\_ No \_\_\_

- i. If yes, does the SESA extend the effective period (i.e., the length of time a lien stays valid) if the liability remains unpaid and debtor still in business or owns real property?

Yes \_\_\_ No \_\_\_

If no to i., what does the SESA do? \_\_\_\_\_

---

---

---

- j. Are the SESA liens filed at a single filing point, for effect in all counties/districts in the State?

Yes \_\_\_ No \_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

If yes, describe procedure and how liens are made effective in county where assets are located.

---

---

---

---

- k. Does the SESA permit a partial release of lien if the employer pays part of the outstanding debt?

Yes \_\_\_ No \_\_\_

If yes, describe procedure and criteria used. \_\_\_\_\_

---

---

---

---

- l. At the end of the preceding calendar quarter, the percent of known/active Receivables lienied was: \_\_\_\_\_ %

(Note: Do not include amounts lienied for cases that have been declared uncollectible)

Example:

$$\frac{\text{Active Receivables Lienied} - \$5,000,000}{\text{Receivables at End of Period} - \$10,000,000} = 50\%$$

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

8. Revocation of Licenses and/or Permits

Can the SESA authorize the delay of renewal,  
suspension or revocation of licenses, permits or  
other permission to operate and conduct business  
for failure to pay amounts due?

Yes \_\_\_ No \_\_\_

If yes, indicate the type of license/permit, the number  
or frequency (see page 2 of Instructions), and effectiveness  
of SESA actions below:

<u>License/Permit</u>		<u>Yes</u> <u>No</u>		# of Debtor Ers. or <u>Frequency</u>	<u>Is Method</u> <u>Effective</u>		
					<u>Yes</u>	<u>No</u>	<u>?</u>
a.	Business .....	___	___	_____	___	___	___
b.	Contracting/specialty .....	___	___	_____	___	___	___
c.	Liquor .....	___	___	_____	___	___	___
d.	Professional .....	___	___	_____	___	___	___
e.	Lottery .....	___	___	_____	___	___	___
f.	Other (describe) .....	___	___	_____	___	___	___

---



---



---



---



---

Code source(s) \_\_\_\_\_

---



---

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

- b. Does the SESA get court orders to stop operation of business for failure to pay accounts receivable?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of delinquent employers affected.

\_\_\_\_\_

Cite code source(s).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Attachment of Funds Due From Public Agencies

- a. Does the SESA have administrative authority to attach and/or offset:

Estimated  
Yes No Collected

(1) Tax refunds . . . . .	___	___	\$ _____
(2) State contracts . . . . .	___	___	\$ _____
(3) Lottery winnings . . . . .	___	___	\$ _____
(4) Other (list and describe) . . . . .	___	___	\$ _____

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If yes to any of the above, describe collection procedures.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER SIX**

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

10. Attachment of Funds Due Tax Debtors From 3rd Parties

a. Can the SESA authorize the encumberment and/or attachment:

			<u>Court Used</u>		<u>Estimated</u>
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>\$ Collected</u>
(1) Bank accounts . . . . .	___	___	___	___	\$ _____
(2) Accounts receivable . . . . .	___	___	___	___	\$ _____
(3) Rental income . . . . .	___	___	___	___	\$ _____
(4) Wages . . . . .	___	___	___	___	\$ _____
(5) Other (describe) . . . . .	___	___	___	___	\$ _____

---



---



---

If yes to any of the above, describe collection procedures.

---



---



---

Code sources. \_\_\_\_\_

---



---

11. Seizure of Assets

a. Can the SESA authorize the seizure of:

	<u>Court Used</u>				<u>Estimated</u>
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>\$ Collected</u>
(1) Business cash	___	___	___	___	\$ _____
(2) Merchandise/equip.	___	___	___	___	\$ _____



**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER SIX**

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

	<u>Court Used</u>				<u>Estimated</u>
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>\$ Collected</u>
(3) Motor Vehicles	___	___	___	___	\$ ___
(4) Other (describe)	___	___	___	___	\$ ___

If yes to any of the above, describe procedures including SESA staff/law enforcement agency(s) used, minimum amount of indebtedness for seizure to be cost effective, and how seized property is stored pending sale.

---



---



---



---

Code sources, \_\_\_\_\_

—  
—  
—

12. Forced Sale of Property

a. Can the SESA authorize the forced sale of property:

			<u>Court Used</u>		<u>Estimated</u>
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>\$ collected</u>
(1) Real property	—	—	—	—	\$ —

**ET HANDBOOK NO. 407  
TAX PERFORMANCE SYSTEM**

**CHAPTER SIX**

**COLLECTIONS**

**METHODS SURVEY**

(2) Personal property                      —    —    —    —        \$ \_\_\_\_\_



**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

If yes to either of the above, describe procedures including SESA staff/law enforcement agency(s) used, minimum amount of indebtedness for forced sale to be considered cost effective.

---

---

---

---

Code Source(s). 

---

---

---

**13. Locator Program**

- a. Does the SESA have the capability of running a program against any of the following files to locate individuals having outstanding debt or a history of non-compliance?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Wage Detail files	<hr/>	<hr/>	<hr/>
2. Claim files	<hr/>	<hr/>	<hr/>
3. Placement files	<hr/>	<hr/>	<hr/>
4. History files of Corporate Officers/Partners/Proprietors	<hr/>	<hr/>	<hr/>
5. Other	<hr/>	<hr/>	<hr/>

If yes to any of the above, describe the procedures.

---

---

---

---

**COLLECTIONS****METHODS SURVEY**

---

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

14. Collection from Reimbursing Employers

- a. Does the SESA use different procedures to enforce collection from reimbursing employers?

Yes \_\_\_ No \_\_\_

If yes, describe collection actions.

---

---

---

15. Officer Liability

- a. Does the State law provide authority to assess the responsible person(s) for corporate debt?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of assessments. \_\_\_\_\_

Describe effectiveness by estimating the dollars collected. \$ \_\_\_\_\_

Indicate code source. \_\_\_\_\_

---

---

---

16. Successor Liability

- a. Does the State law provide authority to hold the purchaser of a business liable for the debt of the predecessor?

Yes \_\_\_ No \_\_\_

If yes, describe if all or part of predecessor's liability. \_\_\_\_\_

**COLLECTIONS**

**METHODS SURVEY**

Indicate code source \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

17. Employer Prosecution

- a. Does the State law provide authority for criminal prosecution of responsible persons for failure to pay taxes due?

Yes \_\_\_ No \_\_\_

If yes, indicate number of prosecutions. \_\_\_\_\_

Code source(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18. Private Collection Agency

- a. Does the State law authorize the SESA to refer debt to private collection agencies?

Yes \_\_\_ No \_\_\_

If yes, indicate the number of referrals. \_\_\_\_\_

Describe effectiveness by estimating the dollars collected.\$ \_\_\_\_\_

Indicate code source. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

*C. Stayed Collections*

1. Indicate the SESA's dollar amounts and percent of known accounts receivable at the end of the most recently completed four quarters:

	<u>Accounts Receivable</u>	<u>Percent of Known Receivables</u>
a. Under Appeal .....	_____	_____%
b. In Bankruptcy .....	_____	_____%

2. What is the SESA minimum amount(s) for filing a bankruptcy claim?

\_\_\_\_\_

3. Are Chapter XI cases monitored to insure future quarterly reports are filed and amounts due paid?

Yes \_\_\_ No \_\_\_

If yes, describe procedures and indicate if successful.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

***D. Administrative Suspension of Collection***

1. Has the SESA developed standards or procedures to suspend collection actions for some accounts?

Yes \_\_\_ No \_\_\_

If yes, describe procedures and tolerances.

---

---

---

---

---

***E. Accounts Declared Uncollectible***

1. What is the SESA statute of limitations for enforcement of collection actions?

---

---

---

---

Code source. \_\_\_\_\_

---

---

---

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

2. Does the SESA have procedures or systems in effect to identify and reclassify amounts that should be declared uncollectible?

Yes \_\_\_ No \_\_\_

If yes, describe criteria for determining accounts to be uncollectible.

---

---

---

---

If no, identify the SESA law(s), systems, and/or procedures that prevent such action. \_\_\_

---

---

---

---

---

***F. Administrative Processes***

1. Does the SESA have a process to analyze and evaluate the effectiveness of the collection programs utilized?

Yes \_\_\_ No \_\_\_

If yes, complete questions 2, 3 and 4.



**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

2. Has the SESA made an analysis of collections methods to determine those procedures/methods most effective?

Yes \_\_\_ No \_\_\_

If yes, describe and provide a copy of the analysis.

---

---

---

3. Has the SESA done an analysis that correlates the attributes of its debtors to the procedures/methods used in either the successful or the unsuccessful collection of debt?

Yes \_\_\_ No \_\_\_

If yes, describe the methodology used and provide a copy of the analysis. \_\_\_\_\_

---

---

---

4. Does the SESA have an on-going report or analysis that indicates the number of dollars collected by collection method?

Yes \_\_\_ No \_\_\_

If yes, indicate whether automated or manual in compilation, describe methodology and provide a copy of report.

---

---

**COLLECTIONS**

**METHODS SURVEY**

**METHODS SURVEY**

***G. Additional Actions***

1. Does the SESA have additional methods and/or procedures for dealing with accounts receivable which this survey failed to identify?

Yes \_\_\_ No \_\_\_

If yes, describe. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

